



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUDGET OFFICE
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Memorandum

To: The Honorable Steven M. Costantino
Chairman, House Finance Committee

The Honorable Daniel DaPonte
Chairman, Senate Finance Committee

From: Rosemary Booth Gallogly
Executive Director/State Budget Officer *RB Gallogly*

Date: May 28, 2009

Subject: Revised Article 3 and New Article for the FY 2010 Appropriation Act
(09-H-5983)

The Governor requests that a second revision be made to Article 3, Relating to Education Aid, to allow the state to pay the statewide transportation costs directly using districts' education aid allotment. The first revision was requested by letter dated April 6, 2009. The amendment requested is shown below. A copy of the revised article is also attached.

Insert after 16-7.1-15(g)(2) a new underlined subsection as shown below:

(h) Districts shall receive monthly invoices summarizing the basis of the transportation fees owed for verification and payment by the district. If any district does not pay the amount owed, the Department shall deduct from subsequent aid payments the amounts owed by any district to the state for transportation provided to the district's students under the statewide transportation system established pursuant to R.I.G.L. 16-21.1-7 and 16-21.1-8.

Related to the above amendment, the Governor requests that a new article entitled "Relating to Statewide Transportation Costs" be considered. The new article

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establishes a restricted receipt account for payments by the Department of Elementary Secondary Education to the statewide transportation service provider and transportation system consultant. The article also exempts the restricted receipt account from the 10% indirect cost recovery assessment. The effective date of the article is July 1, 2009.

If you have any questions regarding the second revision to Article 3 or the new article, feel free to call me or William Trimble at 222-6300.

RBG:sm09-165

cc: Michael O'Keefe
Peter Marino
Tim Costa
Michael Cronan
Gregory Stack
Brian Stern
Representative Robert A. Watson

REVISED ARTICLE 3 (Second Revision)

RELATING TO EDUCATION AID

SECTION 1. Sections 16-7.1-15 of the General Laws in Chapter 16-7.1 entitled "The Paul W. Crowley Rhode Island Student Investment Initiative" are hereby amended to read as follows:

§ 16-7.1-15. The Paul W. Crowley Rhode Island student investment initiative. – (a) Each locally or regionally operated school district shall receive as a base the same amount of school aid as each district received in fiscal year 1997-1998, adjusted to reflect the increases or decreases in aid enacted to meet the minimum and maximum funding levels established for FY 2000 through FY 2008. Each school district shall also receive school aid through each investment fund for which that district qualifies pursuant to §§ 16-7.1-8, 16-7.1-9, 16-7.1-10, 16-7.1-11, 16-7.1-12, 16-7.1-16 and 16-7.1-19. These sums shall be in addition to the base amount described in this section. For FY ~~2010~~2009, the reference year for the data used in the calculation of aid pursuant to § 16-7.1-8, § 16-7.1-9, § 16-7.1-10, § 16-7.1-11, § 16-7.1-11.1, § 16-7.1-12, § 16-7.1-16, §§ 16-7.1-19 and 16-7.1-2(b) shall be FY 2004. Calculation and distribution of education aid under §§ 16-5-31, 16-5-32, 16-7-20, 16-7-20.5, 16-7-34.2, 16-7-34.3, 16-24-6, 16-54-4, and 16-67-4 is hereby suspended. The funding of the purposes and activities of chapter 67 of this title, the Rhode Island Literacy and Dropout Prevention Act of 1967, shall be the same amount of the base amount of each district funded for that purpose in fiscal year 1997-1998. In addition each district shall expend three percent (3%) of its student equity and early childhood funds under the provisions of chapter 67 of this title.

(b) Funding for full day kindergarten programs in accordance with § 16-7.1-11.1 shall be in addition to funding received under this section.

(c) Funding distributed under §§ 16-7.1-2(b) and 16-64-1.1(2) shall be in addition to funding distributed under this section.

(d) For FY 2010, aid to school districts shall be reduced by the equivalent savings that are realized due to a reduction of payments to the teachers' retirement system. The reduction for the

Chariho regional school district shall be prorated among the member communities. For FY 2010, aid to school districts shall be reduced by \$32,928,216 based on the school district's share of total FY 2009 enacted education aid, including state schools and charter schools. For FY 2010, a distribution of stabilization funds per the American Recovery and Reinvestment Act (ARRA) totaling \$34,107,195 shall be allocated to school districts proportionately based on their share of total FY 2009 enacted education aid, including state schools and charter schools. Districts shall comply with the assurances and reporting requirements provided in the federal guidance for the ARRA allocation and by the commissioner of elementary and secondary education.

(d)(e) There shall be an appropriation to ensure that total aid distributed to communities in FY 2009 under this section and §§ 16-7.1-11.1, 16-64-1.1 and 16-77.1-2(b) shall be as follows:

Barrington ~~2,599,526~~ 1,908,040

Barrington Federal Stimulus 128,427

Burrillville ~~13,854,743~~ 12,972,521

Burrillville Federal Stimulus 684,478

Charlestown ~~2,002,838~~ 1,814,544

Charlestown Federal Stimulus 98,948

Coventry ~~20,075,081~~ 18,137,211

Coventry Federal Stimulus 991,787

Cranston ~~35,475,911~~ 31,797,348

Cranston Federal Stimulus 1,752,647

Cumberland ~~13,257,009~~ 11,927,846

Cumberland Federal Stimulus 654,948

East Greenwich ~~1,949,761~~ 1,534,341

East Greenwich Federal Stimulus 96,326

East Providence ~~26,888,254~~ 24,585,778

East Providence Federal Stimulus 1,328,384

Foster 1,416,463 1,292,095

Foster Federal Stimulus 69,979

Glocester 3,213,847 2,939,812

Glocester Federal Stimulus 158,776

Hopkinton 6,241,352 5,654,580

Hopkinton Federal Stimulus 308,347

Jamestown 531,908 414,592

Jamestown Federal Stimulus 26,278

Johnston 10,750,364 9,638,234

Johnston Federal Stimulus 531,110

Lincoln 7,403,268 6,401,507

Lincoln Federal Stimulus 365,750

Little Compton 368,810 304,609

Little Compton Federal Stimulus 18,221

Middletown 10,497,116 9,565,216

Middletown Federal Stimulus 518,598

Narragansett 1,897,159 1,485,001

Narragansett Federal Stimulus 93,727

Newport 11,871,080 10,788,577

Newport Federal Stimulus 586,477

New Shoreham 106,345 62,893

New Shoreham Federal Stimulus 5,254

North Kingstown 11,986,005 10,696,605

North Kingstown Federal Stimulus 592,155

North Providence 13,382,872 12,120,844
North Providence Federal Stimulus 661,166
North Smithfield 4,834,237 4,373,963
North Smithfield Federal Stimulus 238,830
Pawtucket 67,023,559 62,352,231
Pawtucket Federal Stimulus 3,311,223
Portsmouth 6,700,042 5,968,599
Portsmouth Federal Stimulus 331,008
Providence 193,869,756 180,148,521
Providence Federal Stimulus 9,577,917
Richmond 6,188,615 5,606,802
Richmond Federal Stimulus 305,742
Scituate 3,407,183 2,951,191
Scituate Federal Stimulus 168,328
Smithfield 5,743,568 5,031,939
Smithfield Federal Stimulus 283,754
South Kingstown 10,548,698 9,271,478
South Kingstown Federal Stimulus 521,147
Tiverton 5,932,058 5,306,248
Tiverton Federal Stimulus 293,067
Warwick 37,626,000 33,598,184
Warwick Federal Stimulus 1,858,870
Westerly 6,843,077 5,817,457
Westerly Federal Stimulus 338,074
West Warwick 20,440,547 18,788,890

West Warwick Federal Stimulus 1,009,842

Woonsocket 47,421,613 44,200,361

Woonsocket Federal Stimulus 2,342,811

Bristol-Warren 20,438,190 18,811,310

Bristol-Warren Federal Stimulus 1,009,726

Exeter-West Greenwich 7,586,019 6,840,750

Exeter-West Greenwich Federal Stimulus 374,779

Chariho 398,334 378,758

Chariho Federal Stimulus 19,679

Foster-Glocester 5,729,861 5,227,849

Foster-Glocester Federal Stimulus 283,077

Central Falls 43,873,873 42,415,927

Central Falls Federal Stimulus 2,167,539

~~In addition to the amounts listed above, the department of elementary and secondary education shall allocate monthly to each school district all funds received into the permanent school fund pursuant to § 42-61.2-7, as amended by chapter 13 of the 2008 Public Laws entitled "An Act Relating to State Affairs and Government", up to \$14.1 million, in the same proportion as the aid distribution contained in § 16-7.1-15(d).~~

This special provision shall not limit entitlements as determined by application of other formula provisions in this section.

(f) For FY 2010, payments to charter public schools shall be reduced by the equivalent savings that are realized due to a deferment of payments to the teachers' retirement system. The reduction for district sponsored charter schools shall be incorporated in the sponsoring school district's aid as noted in subsection (e). For FY 2010, payments to charter public schools shall be reduced by \$1,463,367 based on the charter school's share of total FY 2009 enacted education aid, including school districts

and state schools, adjusted for October 1 data pursuant to §16-77.1-2(d). For FY 2010, a distribution of stabilization funds per the American Recovery and Reinvestment Act (ARRA) totaling \$1,471,087 shall be allocated to charter public schools proportionately based on their share of total FY 2009 enacted education aid, including school districts and state schools, adjusted for October 1 data pursuant to §16-77.1-2(d). Public charter schools shall comply with the assurances and reporting requirements provided in the federal guidance for the ARRA allocation and by the commissioner of elementary and secondary education.

(e)(g) *Children with disabilities.* (1) Based on its review of special education within the context of Rhode Island school reform, the general assembly recommends addressing the needs of all children and preventing disability through scientific research based, as described in the No Child Left Behind Act of 2001, Title 1, Part B, Section 1208 [20 U.S.C. § 6368], reading instruction and the development of Personal Literacy Programs for students in the early grades performing below grade level in reading and implement a system of student accountability that will enable the state to track individual students over time. Additionally, the department of elementary and secondary education must provide districts with rigorous criteria and procedures for identifying students with learning disabilities and speech/language impairments. Additional study is required of factors that influence programming for students with low incidence disabilities; those with disabilities that severely compromise life functions; and programming for students with disabilities through urban special education. Alternatives for funding special education require examination.

(2) All departments and agencies of the state shall furnish any advice and information, documentary and otherwise, to the general assembly and its agents that is deemed necessary or desirable by the study to facilitate the purposes of this section.

(h) Districts shall receive monthly invoices summarizing the basis of the transportation fees owed for verification and payment by the district. If any district does not pay the amount owed, the Department shall deduct from subsequent aid payments the amounts owed by any district to the state for

transportation provided to the district's students under the statewide transportation system established pursuant to R.I.G.L. 16-21-1-7 and 16-21-1-8.

SECTION 2. This article shall take effect upon passage.

NEW ARTICLE

RELATING TO STATEWIDE TRANSPORTATION COSTS

SECTION 1. Section 16-21-1 of the General Laws in Chapter 16-21 entitled "Health and Safety of Pupils" is hereby amended to read as follows:

§ 16-21-1 Transportation of public and private school pupils. (a) The school committee of any town or city shall provide suitable transportation to and from school for pupils attending public and private schools of elementary and high school grades, except private schools that are operated for profit, who reside so far from the public or private school which the pupil attends as to make the pupil's regular attendance at school impractical and for any pupil whose regular attendance would otherwise be impracticable on account of physical disability or infirmity.

(b) For transportation provided to children enrolled in grades kindergarten through five (5), school bus monitors, other than the school bus driver, shall be required on all school bound and home bound routes. Variances to the requirement for a school bus monitor may be granted by the commissioner of elementary and secondary education if he or she finds that an alternative plan provides substantially equivalent safety for children. For the purposes of this section a "school bus monitor" means any person sixteen (16) years of age or older.

(c) No school committee shall negotiate, extend, or renew any transportation contract unless such contract enables the district to participate in the statewide transportation system, without penalty to the district, upon implementation of the statewide transportation system described in RIGL sections 16-21.1-7 and 16-21.1-8. Notice of the implementation of the statewide transportation system for in-district transportation shall be provided in writing by the department of elementary and secondary education to the superintendent of each district upon implementation. Upon implementation of the statewide system of transportation for all students, each school committee shall purchase transportation services for their own resident

students by accessing the statewide system on a fee-for-service basis for each student; , to be paid into a statewide transportation restricted receipt account under the control of the department of elementary and secondary education. Payments from the account shall be limited to payments to the transportation service provider and transportation system consultant. The statewide transportation funds shall not be subject to the indirect cost recoveries provisions set forth in § 35-4-27. pProvided, however, that any school committee that fulfills its transportation obligations primarily through the use of district-owned buses and district employees may continue to do so.

SECTION 2. Section 35-4-27 of the General Laws in Chapter 35-4 entitled "State Funds" is hereby amended to read as follows:

§ 35-4-27. Indirect cost recoveries on restricted receipt accounts. – Indirect cost recoveries of ten percent (10%) of cash receipts shall be transferred from all restricted receipt accounts, to be recorded as general revenues in the general fund. However, there shall be no transfer from cash receipts with restrictions received exclusively: (1) from contributions from non-profit charitable organizations; (2) from the assessment of indirect cost recovery rates on federal grant funds; or (3) through transfers from state agencies to the department of administration for the payment of debt service. These indirect cost recoveries shall be applied to all accounts, unless prohibited by federal law or regulation, court order, or court settlement.

The following restricted receipt accounts shall not be subject to the provisions of this section:

Department of Human Services

Veterans' home – Restricted account

Veterans' home – Resident benefits

Organ transplant fund

Veteran's Cemetery Memorial Fund

Department of Health

Pandemic medications and equipment account

Department of Mental Health, Retardation and Hospitals

Hospital Medicare Part D Receipts

RICLAS Group Home Operations

Department of Environmental Management

National heritage revolving fund

Environmental response fund II

Underground storage tanks

Rhode Island Council on the Arts

Art for public facilities fund

Rhode Island Historical Preservation and Heritage Commission

Historic preservation revolving loan fund

Historic Preservation loan fund – Interest revenue

State Police

Forfeited property – Retained

Forfeitures – Federal

Forfeited property – Gambling

Donation – Polygraph and Law Enforcement Training

Attorney General

Forfeiture of property

Federal forfeitures

Attorney General multi-state account

Department of Administration

Restore and replacement – Insurance coverage

Convention Center Authority rental payments

Investment Receipts – TANS

Car Rental Tax/Surcharge-Warwick Share

OPEB System Restricted Receipt Account

Legislature

Audit of federal assisted programs

Department of Elderly Affairs

Pharmaceutical Rebates Account

Department of Children Youth and Families

Children's Trust Accounts – SSI

Military Staff

RI Military Family Relief Fund

Treasury

Admin. Expenses – State Retirement System

Retirement – Treasury Investment Options

Business Regulation

Banking Division Reimbursement Account

Office of the Health Insurance Commissioner Reimbursement Account

Securities Division Reimbursement Account

Commercial Licensing and Racing and Athletics Division Reimbursement Account

Insurance Division Reimbursement Account

Historic Preservation Tax Credit Account

Department of Elementary and Secondary Education

Statewide Student Transportation Services Account

SECTION 3. This article shall take effect as of July 1, 2009.